CHAPTER 16. REGULATORY IMPACT ANALYSIS FOR PROPOSED ENERGY CONSERVATION STANDARDS FOR WALK-IN COOLERS AND FREEZERS

TABLE OF CONTENTS

LIST OF TABLES

CHAPTER 16. REGULATORY IMPACT ANALYSIS FOR PROPOSED ENERGY CONSERVATION STANDARDS FOR WALK-IN COOLERS AND FREEZERS (WICF)

16.1 INTRODUCTION

Under the Process Rule (*Procedures for Consideration of New or Revised Energy Conservation Standards for Consumer Products*, 61 FR 36974 (July 15, 1996)), the U.S. Department of Energy (DOE) is committed to continually explore non-regulatory alternatives to standards. DOE will prepare a draft regulatory impact analysis pursuant to E.O. 12866, "Regulatory Planning and Review," which will be subject to review under the Executive Order by the Office of Management and Budget's Office of Information and Regulatory Affairs. 58 FR 51735. DOE has identified six major alternatives to standards as representing feasible policy options to reduce commercial equipment energy consumption. It will evaluate each alternative in terms of its ability to achieve significant energy savings at a reasonable cost, and will compare the effectiveness of each one to the effectiveness of the proposed standards rule.

The non-regulatory means of achieving energy savings that DOE proposes to analyze are listed in Table 16.1.1. The technical support document (TSD) in support of DOE's notice of proposed rulemaking will include a complete quantitative analysis of each alternative, the methodology for which is discussed briefly below.

Table 16.1.1 Non-Regulatory Alternatives to Standards

No new regulatory action
Business tax credits
Manufacturer tax credits
Performance Standards
Rebates
Voluntary energy efficiency targets
Early replacement

16.2 METHODOLOGY

DOE will use the national impact analysis (NIA) spreadsheet models to calculate the national energy savings and the net present value (NPV) corresponding to each alternative to the proposed standards. The NIA model is discussed in chapter 10 of the TSD. To compare each alternative quantitatively to the proposed energy conservation standards, DOE will need to quantify the effect of each alternative on the purchase and use of energy efficient walk-in coolers and freezers. Once it has quantified each alternative, DOE will make the appropriate revisions to the inputs in the NIA models. Key inputs that DOE may revise in these models are:

- Energy prices and escalation factors;
- Implicit market discount rates for trading off purchase price against operating expense when choosing product efficiency;

- Business purchase prices, operating costs, and income elasticities;
- Purchase price-versus-efficiency relationships; and
- Product stock data (purchase of new products or turnover rates for inventories).

The key measures of the impact of each alternative will be:

- Energy use: Cumulative energy use of the product from the effective date of the new standard to the year 2045. DOE will report energy.
- National energy savings: Cumulative national energy use from the base case projection minus the alternative policy case projection.
- Net present value: The value of future operating cost savings from products bought in the period from the effective date of the new standard 2015to the year 2045. DOE will calculate the NPV as the difference between the present value of product and operating expenditures (including energy) in the base case, and the present value of expenditures in each alternative policy case. DOE will discount future operating and product expenditures to 2010 using a seven-percent and three-percent real discount rate. It will calculate operating expenses (including energy costs) for the life of the products.